

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

ILLINOIS COMMERCE COMMISSION)	
On Its Own Motion)	
)	
vs.)	Docket No. 05-0105
)	
ILLINOIS POWER COMPANY)	
d/b/a AmerenIP)	
)	
Reconciliation of revenues collected)	
under Coal Tar Riders with prudent costs)	
associated with coal tar clean up)	
expenditures.)	

AFFIDAVIT OF BRIAN H. MARTIN

STATE OF MISSOURI)	
)	SS
CITY OF ST. LOUIS)	

Brian H. Martin, being first duly sworn on his oath, states:

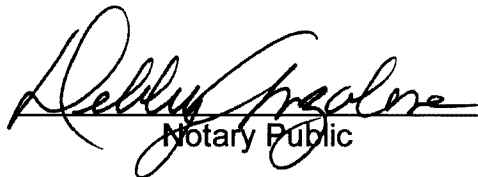
1. My name is Brian H. Martin. I work in St. Louis, Missouri and I am a Consulting Environmental Scientist in the Environmental, Safety and Health – Waste Department of the Environmental, Safety and Health Function.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony identified as AmerenIP Exhibit 2.0 and consisting of 8 pages, prepared in written form for introduction into

evidence in Illinois Commerce Commission Case No. 05-0105 on behalf of Illinois Power Company d/b/a AmerenIP.

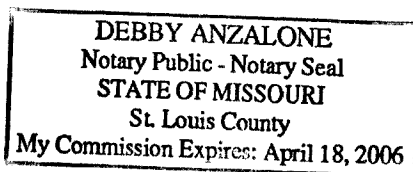
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.


Brian H. Martin

Subscribed and sworn to before me this 20th day of April 2005.


Notary Public

My Commission expires:



ILLINOIS COMMERCE COMMISSION

Docket No. 05-0105

DIRECT TESTIMONY

OF

BRIAN H. MARTIN

ON BEHALF OF

ILLINOIS POWER COMPANY

d/b/a AmerenIP

**St. Louis, Missouri
April 20, 2005**

ILLINOIS COMMERCE COMMISSION

Docket No. 05-0105

DIRECT TESTIMONY

OF

BRIAN H. MARTIN

ON BEHALF OF

ILLINOIS POWER COMPANY

d/b/a AmerenIP

Q. Please state your name and business address.

A. Brian H. Martin. My business address is 1901 Chouteau Avenue,
St. Louis, Missouri 63103.

Q. By whom are you employed and in what position?

A. I am employed by Ameren Services Company as a Consulting
Environmental Scientist. I have occupied this position since March 2005. Prior to my
present position, I was the Environmental Services Manager for Illinois Power
Company's (n/k/a AmerenIP) Environmental Programs Department from August 2001
through February 2005.

**Q. Please describe your educational background and work
experience.**

22 A. I have worked for Illinois Power since 1992. I have also worked for the
23 Illinois Environmental Protection Agency (IEPA) in the Site Remediation Program. In
24 this capacity, I was the project manager for all the MGP sites enrolled in that program.
25 In addition to participating in various industry environmental groups, I am a Certified
26 Hazardous Materials Manager.

27 **Q. What are your duties as Consulting Environmental Scientist in the**
28 **Environmental, Safety and Health Department?**

29 A. I am responsible for various corporate environmental risk management
30 activities including remedial investigations, feasibility studies and implementation of
31 remedial alternatives. I am the Project Manager for evaluating and, if necessary,
32 remediating AmerenIP MGP sites.

33 **Q. What is the purpose of your testimony in this case?**

34 A. The purpose of my testimony is to discuss the prudence of AmerenIP's
35 environmental remediation activities' costs associated with its MGP sites for the 2004
36 reconciliation period. In addition, I will: (i) identify the specific activities included in the
37 Company's 2004 budget for manufactured gas plant (MGP) site investigation and
38 remediation activities; (ii) describe the manner in which outside contractors and
39 consultants have been selected to assist the Company in its investigation and
40 remediation activities; (iii) discuss the Company's efforts to obtain past and future
41 investigation and remediation costs from its insurance carriers; and (iv) describe the
42 technologies and methods used to remediate and manage MGP contamination.

43 **Q. Is AmerenIP conducting its MGP investigation and remediation**

44 **program under the Illinois Environmental Protection Agency's ("Illinois EPA" or**
45 **the "Agency") Site Remediation Program?**

46 A. Yes.

47 **Q. AmerenIP is responsible for how many MGP sites?**

48 A. AmerenIP is responsible for the following MGP sites: Belleville, Cairo,
49 Carlinville, Centralia, Champaign, Clinton, Danville, Decatur, East St. Louis – Brooklyn,
50 East St. Louis – Lynch Avenue, Edwardsville, Galesburg, Galva, Granite City A, Granite
51 City B, Greenville, Hillsboro, Jacksonville, Kewanee, LaSalle, Litchfield, Monmouth, Mt.
52 Vernon, Peru and Staunton.

53 **Q. What is the general status of investigation and remediation at**
54 **these sites?**

55 A. Response obligations have been concluded at two of these sites
56 (Greenville and Staunton). The other sites are in various stages of investigation and
57 remediation. AmerenIP's annual reconciliation report contains a summary of
58 environmental activities completed during 2004. A copy of the report is appended to
59 Gary Murphy's direct testimony filed by AmerenIP in this docket.

60 **Q. During the 2004 reconciliation period, did AmerenIP conduct**
61 **environmental activities at any of these MGP sites?**

62 A. AmerenIP is conducting the MGP investigation and remedial
63 management of these sites under the Illinois EPA's Site Remediation Program. This is
64 a program in which the Company works cooperatively with the Illinois EPA to

investigate and to manage sites to mitigate risk to human and environmental receptors and to achieve compliance with the Illinois Environmental Protection Act. AmerenIP has entered into a formal agreement with the Illinois EPA under which the Agency provides oversight for the MGP program, and AmerenIP reimburses the Agency's expenses for oversight. The Illinois EPA, and their consultants, provide on-site supervision of field activities and review work plans and work products. The Illinois EPA reviews and approves work plans prior to initiation of field activities, including remedial measures. Illinois EPA also reviews and approves all work plans and reports for MGP activities. Work plans for interim remedial measures are also reviewed and approved by the Agency prior to implementation. Illinois EPA has approved the measures detailed in the MGP activity summary report.

Q. What is the status of the Illinois EPA's concurrence for the Company's remediation activities at each of the 25 sites?

A. All of the activities described in AmerenIP Exhibit 1.2 of AmerenIP witness Gary Murphy's Direct Testimony have been approved by the Illinois EPA.

Q. Has the Company utilized any outside contractors and consultants to assist in its 2003 MGP investigation and remedial management program?

A. Yes.

Q. On what basis did the Company select each of the contractors and consultants that you identified in your previous answer?

86 A. Major contracts were awarded on the basis of competitive bids.
87 Occasionally, a sole-source justification was used to procure local services based on
88 technical requirements and availability.

89 **Q. In your opinion, were the amounts paid to these contractors**
90 **reasonable and necessary?**

91 A. Yes. As stated above, all of the work they performed was in furtherance
92 of the Illinois EPA-approved work plans. Further, the competitive bidding process
93 helped assure reasonable cost contracts were let and, in those few instances where
94 sole source was used, a reasonable price was negotiated.

95 **Q. Has the Company sought past and future investigation and**
96 **remediation costs from its insurance carriers?**

97 A. Yes. AmerenIP placed insurance companies that sold liability policies to
98 the Company on notice for all 25 MGP sites. The Company made demands to the
99 insurance companies for payment of their proportionate share of the remediation
100 estimate of \$82.5 million to satisfy environmental claims associated with the operation
101 of the 25 MGP sites. In late 1995, the Company also filed a lawsuit in Macon County
102 against its insurance companies in a further effort to recover these claims.

103 **Q. Has the Company obtained any money for its costs incurred to**
104 **date?**

105 A. AmerenIP concluded its insurance litigation/settlement activity in 1998.
106 Settlements have been reached with all 25 insurance companies. Settlement proceeds

107 were deposited into the Insurance Coverage Environmental Settlement Trust (ICEST) to
108 be used for MGP remediation expenses.

109 **Q. Will the insurance recoveries flow through the Riders?**

110 A. Insurance recoveries in excess of projected and actual MGP
111 management cleanup costs will be accounted for pursuant to Section 7 of the Riders.

112 **Q. Has the Company pursued any other avenues to recover costs?**

113 A. The Company has not pursued other avenues to recover costs
114 associated with the MGP management program. Site conditions and history have not
115 identified other potentially responsible parties with MGP environmental liabilities and
116 obligations.

117 **Q. Were all costs incurred in the investigation and remedial program**
118 **reasonable and necessary?**

119 A. Yes. All costs were in furtherance of the Illinois EPA-approved plans and
120 were necessary to carry out those plans.

121 **Q. What is AmerenIP's estimate of total cleanup liability for its MGP**
122 **sites?**

123 A. In 1995, AmerenIP developed an estimate of its total MGP cleanup
124 liability in preparation for its lawsuit against its insurers. The estimate was \$82.5 million
125 based on known conditions at each MGP sites and expected cleanup requirements that
126 may be imposed by the Illinois EPA. This cost estimate was reviewed in 2003 and no
127 changes to the total estimate were determined to be necessary. To date, AmerenIP

128 has incurred a total of \$28.7 million in cleanup costs.

129 **Q. When does the Company anticipate that remediation of its Illinois**
130 **manufactured gas plant sites will be completed?**

131 A. Along with the estimated total cost for MGP management that is
132 discussed above, and given the large number of MGP sites, the Company has
133 estimated a 20-year schedule, commencing in 1995. Changes in regulations related to
134 MGP management may lengthen or shorten that schedule somewhat, but the extent of
135 any possible change in the schedule is not known.

136 **Q. Please describe the types of technology the Company employs to**
137 **remediate its manufactured gas plant sites.**

138 A. AmerenIP uses various technologies to address its MGP liabilities,
139 depending on site-specific conditions. To date, AmerenIP has used on-site treatment
140 of concentrated MGP wastes followed by co-burning in a utility boiler or disposal in a
141 landfill. The Company is using a hydraulic barrier to collect contaminated groundwater
142 at the Belleville MGP site. The groundwater is then treated with an oil/water separator
143 followed by an air stripper. Treated wastewater is disposed of in the municipal sewer.
144 Where appropriate and cost-effective, engineered barriers and institutional controls,
145 such as asphalt caps and groundwater use prohibitions are employed to reduce
146 potential exposure and satisfy Illinois EPA requirements.

147 **Q. Is the Company familiar with the microbe cleanup technology**
148 **developed by the Gas Technology Institute?**

149 A. Yes. The Company is a member of the Gas Technology Institute (GTI)
150 and has access to information on the various cleanup technologies that GTI is
151 developing or promoting. The Company has considered this technology for wastes at
152 its MGP sites. GTI's microbe technology may be appropriate in some situations, but it
153 is not capable of meeting the Illinois EPA's cleanup objectives when applied to the
154 MGP wastes that the Company typically has to remove from MGP sites. For these
155 wastes, the Company has employed thermal treatment or landfilling because of cost
156 and technical considerations. For wastes that might be amenable to microbial
157 treatment, the Company has found landfills and/or institutional controls and engineered
158 barriers to be more cost-effective.

159 **Q. Has the Company employed the Gas Technology Institute's**
160 **microbe technology to remediate any of its manufactured gas plant sites?**

161 A. No. The Company considers many technologies, including GTI's microbe
162 treatment, when determining the best remedy for a site. So far, GTI's microbe
163 treatment has not been chosen for any of the Company's sites for either technical or
164 economic reasons.

165 **Q. Does this conclude your testimony?**

166 A. Yes, it does.